Project Closeout Report
Presented to the IT Committee December 10, 2013

Project Name: Workforce Safety and Insurance Information Technology Transformation Program (ITTP), Advanced Information Management Project (AIM)

Agency: Workforce Safety & Insurance (WSI)

Business Unit/Program Area: All

Project Sponsor: Clare Carlson

Project Manager: Doug Hintz

Objectives		
	Measurements	
Project Objectives	**Met/ Not Met**	**Description**
Achieve a 4% reduction in annual claims costs, which equates to $3.4M annually subsequent to implementation of the new system.	Not Met	Project was terminated prior to completion (i.e. no portion of the iVOS software was implemented).
Provide 24/7 Internet or WEB access to employer accounts and claims information.	Not Met	Project was terminated prior to completion (i.e. no portion of the iVOS software was implemented).

Schedule Objectives					
Met/ Not Met	**Original Baseline Schedule (in Months)**	**Final Baseline Schedule (in Months)**	**Actual Schedule (in Months)**	**Variance to Original Baseline**	**Variance to Final Baseline**
Not Met	24	60.1	*N/A	200% Over	150.42% Over

*Project was terminated prior to completion (i.e. no portion of the iVOS software was implemented).

The following two subprojects were successfully completed as part of the AIM project:

- **Back-Scanning Project:** A back-scanning subproject, whereby almost 14,000 paper policy related documents were scanned and imaged for future electronic retrieval was completed ahead of schedule (by more than a month) and under budget by almost $200,000 (Budget of $415,756 and Actual costs of $215,805).

- **FileNet Enterprise Services Project:** In conjunction with the implementation of the iVOS software for claims and policy, a subproject was initiated to upgrade WSI's FileNet enterprise services (used for document management) to a newer version (FileNet P8) as well as assist with the integration of FileNet and iVOS. Initially, this upgrade to FileNet P8 was planned to occur simultaneously with the iVOS implementation of claims. However, after several delays in the iVOS implementation, a decision was made to complete this upgrade separate from the iVOS implementation and address the integration of FileNet and iVOS as needed. This upgrade was successfully completed on schedule and under budget (Budget of $625,140 and Actual cost of $575,520 due to a reduction in scope). In addition to the upgrade, a subsequent project, outside the scope of the AIM project, was completed whereby nearly16 million documents were migrated to the FileNet P8 version. This was also completed on schedule and budget (cost of $253,500).

Budget Objectives					
Met/ Not Met	**Original Baseline Budget**	**Final Baseline Budget**	**Actual Costs**	**Variance to Original Baseline**	**Variance to Final Baseline**
Not Met	$12,813,171	$17,813,289	*$17,133,609	33.7% Over	3.8% Under

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Major Scope Changes				
This table is provided to identify major scope activity along with impact to schedule and budget.				
Date	**SCOPE Change Description**	**Impact on Schedule**	**Impact on Cost**	**Source**
Dec-07	Project began execution phase.	Initial baseline established; Dec. 2009	Initial baseline established; $12,813,171	2007 Q4 LPO Report 2007 Q4 LPO Summary
Dec-07	Addition of an HCL resource to provide validation services for a pilot process prior to beginning the Business Analysis phase.	No impact to schedule	$24,000 for HCL resource onsite for pilot period.	2007 Q4 LPO Report
Mar-08	Addition of Organizational Change Management services to the HCL contract.	No impact to schedule	$405,000 funded from Management Reserve	2008 Q2 LPO Report HCL Contract History
Jul-08	Rework of "Utility Services" deliverables by HCL for WSI hosting services from ITD.	No impact to schedule	$128,000	2008 Q3 LPO Report
Aug-08	Modify the method of pricing for iVOS Medical Bill Review processing from a per-bill charge to a one-time perpetual license agreement plus annual maintenance. While this is not technically a scope change, this decision was projected to reduce the operational costs associated with medical bill review functionality by $1,000,000 or more over a 10 year period.	No impact to schedule	No Impact on cost; just a modification to payment terms.	2008 Q3 LPO Report Aon Contract History
Sep-08	Baseline of project schedule based on information gathered during business analysis and gap analysis activities. This rolling wave planning approach was agreed upon up front in the initial project plan.	Schedule baseline modified; March 2010 (Claims - Aug 2009; Policy - Mar 2010)	Cost baseline modified; !12,850,783	2008 Q3 LPO Report 2008 Q3 LPO Summary
Oct-08	Addition of FileNet Enterprise Services from HCL required because there were no resources available at either ITD or WSI that could perform the required work to support FileNet work in the FileNet and Architecture plans for the iVOS implemention.	No impact to schedule	$527,400 funded from project risk funding.	2008 Q4 LPO Report HCL Contract History
Dec-08	Additional data conversion to help decrease the risk in future data migration to iVOS production.	No impact to schedule	$15,000 funded from project risk funding.	2008 Q4 LPO Report

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Dec-08	Addition of Quality Assurance (QA) Testing Services from HCL to supplement and support WSI testing efforts; services contracted through Aug 2009.	No impact to schedule	$300,000 funded from project risk funding.	2008 Q4 LPO Report HCL Contract History
Jan-09	FileNet certified technician required to perform FileNet Image Services installation in order to maintain support from IBM. (Vendor Pool WO with HCL)	No impact to schedule	$3,000 funded from project risk funding.	2009 Q1 LPO Report HCL Contract History
Feb-09	Additional Employer Services files identified for back-scanning.	No impact to AIM schedule; increase of 3 weeks to back-scanning schedule.	$11,400 funded from project risk funding for temp employees.	2009 Q1 LPO Report
Mar-09	Notice from Aon of potential delay in delivering technical designs and specifications for development. Revised project schedule approved. A schedule delay report with lessons learned and an impact analysis was delivered to large project oversight (LPO).	Schedule revised to June 2010 (Claims - Jan 2010; Policy - Jun 2010)	Revised Aon contract providing for 4 months of free maintenance & support following implementation, equal to $160,000. Additional months of free M & S, up to a total of 12 months, if any further delays.	2009 Q1 LPO Report Aon Contract History
Aug-09	Extension and additional scope for the HCL FileNet Enterprise Services Contract due in part to the delay of the iVOS implementation.	Required (in part) to align with iVOS implementation schedule.	$94,740	2009 Q3 LPO Report HCL Contract History
Aug-09	Extension of the HCL QA Testing Services through May 2010 due to the delay of the iVOS implementation.	Required to align with iVOS implementation schedule.	$246,960	2009 Q3 LPO Report HCL Contract History
Sep-09	Extension of the PMO services from HCL through Sep 2010 due to delays in the iVOS implementation.	Required to align with iVOS implementation schedule.	$872,400	2009 Q3 LPO Report HCL Contract History
Apr-10	Temporary suspension of remaining Organizational Change Management (OCM) services from HCL to coincide more closely with iVOS implementation.	No impact to schedule	No Impact on cost	2010 Q2 LPO Report
May-10	Extension of the HCL QA Testing Services through Dec 2010 due to the delay of the iVOS implementation.	Required to align with iVOS implementation schedule.	$317,520	2010 Q2 LPO Report HCL Contract History
Jul-10	Amendment No. 7 to the Aon contract was signed; contract extended with the inclusion of the following: - $950,000 - Cost of Change Control Requests - $100,000 - Aon Travel Expenses	Schedule re-baselined to December 2012 (Claims - Jan 2012; Policy - Sep 2012; Project Closeout – Dec 2012).	Additional costs of $2,676,768 associated with Aon Contract.	2010 Q3 LPO Report Aon Contract History

	- $775,000 - Scheduled Payments (tied to specific deliverables) - $851,768 - Monthly Payments (June 2010-Oct. 2012)			
Jul-10	Additional costs associated with the project (WSI, ITD, Intertech, other 3rd party) due to the extension of the Aon contract and project completion date of 4th quarter 2012).	Required to align with iVOS implementation schedule.	~$1,500,000 from Jul 2010 through Dec 2012.	2010 Q3 LPO Report AIM Budget Projection worksheet
Sep-10	Extension of the PMO services from HCL through Jan 2012 due to delays in the iVOS implementation.	Required to align with iVOS implementation schedule.	$900,000	2010 Q3 LPO Report HCL Contract History
Sep-10	Removal of remaining OCM services deliverables from HCL contract; determined that with delays in iVOS implementation, services were not needed.	No impact to schedule	Reduction of ($197,656)	2010 Q3 LPO Report HCL Contract History
Nov-10	Addition of consulting services (Surepoint Consulting) to assist with the implementation of the Policy component of the project.	Intended to have a positive impact on schedule.	$92,882 from Nov 2010 through Jul 2011.	AIM Budget Projection worksheet
Dec-10	Extension of the HCL QA Testing Services through Jan 2012 due to the delay of the iVOS implementation.	Required to align with iVOS implementation schedule.	$458,640	2010 Q4 LPO Report HCL Contract History
Jan-11	Decision made to implement Mitchel's bill review system, SmartAdvisor, prior to iVOS implementation.			2011 Q1 LPO Report
Jan-11	Notification from Aon that around 50% of the functionality planned for the February 2011 software release would not be delivered until the next scheduled release (April 2011).	The claims implementation date of Jan 2012 is at risk of not being met.		2011 Q1 LPO Report
Mar-11	Notification from Aon that around 60% of the functionality planned for the April 2011 software release would not be delivered; the missed development from the Feb & Apr releases would be delivered in the July 2011 release.	The claims implementation date of Jan 2012 is severely at risk of not being met.		2011 Q1 LPO Report
Mar-11	There is no customization for policy planned to be delivered in the April 2011 software release.	The policy implementation date of Sep 2012 is at risk of not being met.		2011 Q1 LPO Report
Mar-11	Successful completion of FileNet P8 migration project.			2011 Q1 LPO Report
Jun-11	Delay in implementation of SmartAdvisor bill review due to			2011 Q2 LPO Report

	unresolved issues related to history bills, data migration and fee schedule and business rules.			
Jun-11	Addendum No. 1 to Amendment No. 7 of Aon contract signed, providing for financial concessions in the way of forfeited payments if implementation dates not met.	No impact on schedule but does provide for financial considerations if project schedule dates not met.	Potential of ($420,627) in forfeited payments by Aon.	Aon Contract History
Aug-11	High volume of customizations received in August 2011 release but also high number of defects.			2011 Q3 LPO Report
Sep-11	Began withholding payments to Aon due to inadequate quality of deliverables.		Total withheld payments from Sep 2011 through Dec 2012 amounted to ($450,434).	AIM Budget Projection worksheet

Sep-11	Projected project completion dates provided to ESC:
	  - Manual projection using MS Project & ROM estimates show Claims implementation from May to July 2012 and Policy implementation from October 2012 to February 2013.
	  - Projection using the project variance worksheet shows a project estimated end date of June 2014.
		According to projections, project would be delayed by as much as 18 months beyond the latest baseline date of Dec 2012.	For each month of delay beyond the latest baseline of Dec 2012, there would be additional costs associated with HCL, Intertech, and other 3rd party contracts, as well as addition costs associated with ITD support.	2011 Q3 LPO Report

Oct-11	Five new Change Control Requests (CCRs) were approved for Claims implementation.	Not anticipated to adversely impact the claims go-live schedule beyond issues already identified.	Cost of the CCRs is covered in the allocation of $950,000 for CCRs that was included in Amendment No. 7 to the Aon Contract.	2011 Q4 LPO Report
Jan-12	Per stipulations in Addendum No. 1 to Amendment No. 7 of the Aon contract, Aon began forfeiting payments.		Total of ($420,627) in forfeited payments by Aon from Jan through Dec 2012.	AIM Budget Projection worksheet
Jan-12	Extension of the PMO services from HCL through Aug 2012 due to delays in the iVOS implementation.	Required to align with iVOS implementation schedule.	$196,875	2012 Q1 LPO Report HCL Contract History
Jan-12	Extension of the HCL QA Testing Services through Aug 2012 due to the delay of the iVOS implementation.	Required to align with iVOS implementation schedule.	$246,960	2012 Q1 LPO Report HCL Contract History
Feb-12	Two new Change Control Requests (CCRs) were approved for Claims implementation.	Not anticipated to adversely impact the claims go-live schedule beyond issues already identified.	Cost of the CCRs is covered in the allocation of $950,000 for CCRs that was included in Amendment No. 7 to the Aon Contract.	2012 Q1 LPO Report
Apr-12	One new Change Control Requests (CCR) was approved for	Not anticipated to adversely impact the	Cost of the CCRs is covered in the allocation	2012 Q2 LPO

	Claims implementation.	claims go-live schedule beyond issues already identified.	of $950,000 for CCRs that was included in Amendment No. 7 to the Aon Contract.	Report
Jun-12	Although no new baselines have been accepted /approved, current estimated target date for Claims go-live is Sep 2012 and all activity on Policy implementation has been put on hold in order to concentrate efforts on Claims.	Although not officially approved, Sep 2012 set as target go-live date for Claims.		2012 Q2 LPO Report
Sep-12	Discussions between WSI & Aon regarding de-scoping Policy from the project/contract. The Aon contract terminated before any final negotiations were reached.	All future efforts would be concentrated on Claims.	Would equate to a cost reduction of ($588,680) for Policy deliverables not received yet and potential for recovery of part or all of Policy deliverable payments already made to Aon, ($693,384) and other 3rd parties ($612,842).	2012 Q2 LPO Report Aon Contract Summary worksheet
Sep-12	Claims go-live date of Sep 2012 was not achieved.	Needs to be determined.	Unknown; to be determined based on schedule.	2012 Q3 LPO Report
Oct-12	McGladrey external audit report completed and presented to WSI executive staff. Purpose of audit was to determine the viability of the claims portion of the iVOS implementation project, as well as provide an estimated total cost and timeline to complete the project.	According to McGladrey's assessment, implementation of the claims portion of the project would take an additional 16 to 22 months to complete; extending project completion to between Feb and Jul 2014.	According to McGladrey's assessment the additional 16 to 22 months to complete the claims portion of the project would incur additional costs of between $1,970,280 and $2,664,510	2012 Q4 LPO Report McGladrey WSI iVOS Assessment - Final Executive Summary Report
Dec-12	Aon contract expired; notice sent to Aon that contract would not be extended.	Project suspended.		2012 Q4 LPO Report Aon Contract
Feb-13	By approval of the ESC, the following direction was provided: "Prior to and in preparation of a procurement we (WSI) complete the following steps and make decisions on the next steps based upon the results of these efforts." i. Perform lessons learned ii. Develop a new project charter iii. Perform market research iv. Perform architecture review v. Review requirements vi. Review business processes			2013 Q1 LPO Report ESC / EOPC Meeting Minutes from 02/27/2013
May-13	By unanimous decision of the ESC, the current ITTP / AIM project will be closed out upon completion of the "lessons learned" effort and a new project	Project will be closed.	Costs to complete the lessons learned - $19,733	2013 Q2 LPO Report ESC Meeting Minutes from

	will be initiated according to a new project charter.			05/07/2013
Nov-13	The ESC accepts the final report of lessons learned and agrees it meets the requirements of the WSI legislative appropriation bill.	Final requirement for closing out the project.		ESC Meeting Minutes from 11/21/2013
Dec-13	Post Implementation Report and Project Closeout Report completed. Project Closeout Report presented to SITAC and Interim Legislative IT Committee.	Project closed.		Post Implementation Report Project Closeout Report

Lessons Learned
A comprehensive "lessons learned" analysis was conducted on the project with the intent of identifying the good things that were done in the project so they may be repeated, and identifying those things that can be changed or improved upon with the goal of WSI having the best opportunity for success in the next project. The following are the top 10 lessons identified along with a summary of the impact they may have on future project work. For compete detail, findings and recommendations, please refer to the "Lessons Learned from the North Dakota Workforce Safety & Insurance Information Technology Transformation Program's Advanced Information Management Project" ("**Lessons Learned Report**") report.

Lesson: Manage vendor contracts to the letter, from the start of the engagement, while leveraging the experts available in procurement, legal, finance, IT and project management during negotiations and as soon as issues start to arise.

Impact: Managing contracts to the exact specifications defined in the contract and taking swift action when a breach occurs can limit potential losses in cases where vendor expertise or commitment proves lacking.   Over the past three years state staff has gained significant experience in procurement practices, negotiation, and contract management. Leveraging those resources will help WSI apply the latest strategies for success.

Lesson: For large projects, require full-time onsite commitment of some vendor resources.

Impact: Requiring the provision of full-time onsite personnel can provide enforceability of the vendor's stated resource commitment and maximize communication and timeliness of feedback. The average response time for e-mail in 2012 was 2.5 days, an increase of 14% over the previous year. There is only a 56% chance someone will answer an email within an hour and 89% chance they will answer it within 24 hours. (Barr, 2013) Voice mail is even worse with more than 30 percent of voice mail messages remaining unheard for three days or longer. (Teitell, 2009) These inherent delays in communications can quickly start causing project delays. By having key staff on site throughout the project and bringing in additional SMEs ["Subject Matter Experts"] as needed, WSI can minimize delays caused by communication.

Lesson: Assign project management responsibility for large IT projects to a qualified Project Management Professional (PMP) [®] credentialed project manager with ND large IT project experience, providing unfettered access to project sponsors and executive leadership to ensure the use of the state's methodology.

Impact: Assigning a PMP- credentialed project manager as primary PM provides WSI an assurance that this key position has both knowledge of project management principles and a minimum of 4500 hours of experience. In addition the certification requires continuing education to remain certified so the PM can assure WSI that his/her skills have remained fresh. The state qualifications ensure the PM understands the unique requirements placed upon WSI by North Dakota Century Code.

By providing unfettered access to executive sponsorship and final authority over official project communications, WSI can help ensure neutrality and transparency in the face of day-to-day organizational pressures and politics.

Lesson: Leverage the ESC for the expertise they have gained from projects across all agencies and to share responsibility in difficult decisions.

Impact: Part of the value Executive Order 2011-20 and recent legislation (N.D.C.C. § 54-59-32) has provided is the assignment of key personnel to sit on ESCs across multiple agencies. This provides experience unparalleled in any single agency. Leveraging these ESC members' expertise can help prevent the need for an agency to go it alone in facing

complex project issues, allowing WSI to utilize the knowledge gained in other large state IT projects.

Lesson: Invest in mapping and reorganizing of granular business processes at the onset of the project, basing project objectives on them and providing success criteria on enabling of those processes in early stage gates.

Impact: Having business process documentation generated before trying to obtain and implement a solution can provide objectivity during project execution. This documentation can help management separate legitimate concerns raised by business from negativity born of resistance to change or other subjective reasons. It also provides WSI with clear measurement points to validate the vendor's solution early and often. WSI will be better equipped to determine if they need to cancel a project much earlier in the project timeline.

Lesson: Formulate an Organizational Change Management strategy and provide early and consistent communication of change on all levels.

Impact: One of the classic failures of an IT project is the successful implementation of a software product that no one uses. Organizational Change Management efforts help ensure the vision for the project is unified, that staff are ready for change; that resistance is managed effectively and proactively, and that everyone knows how they will accomplish their job in the new environment.

Lesson: Executives: Be transparent and involved leaders during projects through increased daily contact with team members and the timely sharing of information, both inside and outside the agency.

Impact: Ongoing face-to-face involvement from executive leadership with stakeholders at all levels of a project can help maintain trust, direction, and morale even when opinions on direction may otherwise diverge. Executive leadership must show that they are hearing the business staff's opinions while also taking the responsibility for making decisions, selling those decisions throughout the organization, and setting the expectation that WSI staff will support those decisions. Involvement that is direct and personal provides the best chance for harmonizing these goals.

Lesson: While fostering a culture within the project in which contrary views can be voiced, insist that such views be presented respectfully and with objective reasons. Deal immediately and consistently with behavior that crosses into the realm of obstructive or unprofessional. Remove repeat offenders from project roles to prevent damage to morale and objectives.

Impact: One of the core skills taught in a facilitation course is how to handle dysfunctional behavior. If it is not addressed, dysfunctional behavior tends to get worse over time. Left unchecked, it can spread to other members of the group. Generally, some form of disagreement is the basis for dysfunctional behavior. There are three reasons people tend to disagree.

Level 1. Each has not clearly heard and understood the alternative and/or the reason for the alternative
Level 2. Each has heard and understood the alternative, but has different experiences or holds different values that result in a different preference
Level 3. Disagreement is based on personality, past history, or other factors that have nothing to do with the topic at hand (The Effective Facilitator, 1999)

By fostering an environment that allows people to fully discuss their concerns and issues, WSI can avoid most disagreements. By addressing the higher-level disagreement quickly WSI can minimize dysfunctional behavior and prevent the behavior from spreading to other project members.

Lesson: Allow additional lead-time for planning and fulfillment of project resource needs in recognition of growing agency demands. Plan and budget for temporary staff to fill low-level positions to allow more experienced staff to step up to fill gaps left by people assigned to the project.

Impact: Estimating and analyzing expected resource allocation requirements for internal WSI staffing prior to product acquisition and execution can help the agency devise strategies to manage the strain of the project implementation.

One key strategy should be to plan for temporary staff to help fill gaps. This may require more than a one-for-one replacement to overcome lower efficiencies. WSI should bring the temporary staff on-board prior to project staff leaving in order to cover the training period

Lesson: Avoid solutions involving significant modification of COTS products as such approaches signal a likely mismatch to needs.

Impact: Solutions to project requirements that are dependent upon significant modification of commercial off-the-shelf (COTS) software are a red flag indicator of a potential mismatch with needs. Rather, WSI should make the selection of COTS solutions with the assumption that business units will need to modify their processes to fit the software. A key part of

that analysis is identifying what functionality the business units would lose in a proposed system. Otherwise, WSI should consider a custom-developed solution or an approach involving customization of a framework intended for such modification.

Success Stories
A back-scanning subproject, whereby almost 14,000 paper policy related documents were scanned and imaged for future electronic retrieval was completed providing for easy access to these documents in the future.
FileNet enterprise services used throughout WSI for document management of nearly all of WSI's documents, was upgraded to a current version of FileNet (P8), including the migration of nearly 16 million documents from the old version of FileNet (IS) to P8.
Claims and Policy processes were documented in detail in preparation for implementing iVOS. Even though the iVOS implementation was not successful, the documentation that was produced should be of considerable value in completing business process modeling going forward.